THOMSON REUTERS

EDITED TRANSCRIPT

Q1 2020 Voya Financial Inc Earnings Call

EVENT DATE/TIME: MAY 06, 2020 / 2:00PM GMT

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

CORPORATE PARTICIPANTS

Charlie Nelson *Voya Financial, Inc. - CEO of Retirement & Employee Benefits*
Christine Hurtsellers *Voya Financial, Inc. - CEO of Voya Investment Management*
Mike Katz *Voya Financial, Inc. - Head of IR and Enterprise FP&A*
Mike Smith *Voya Financial, Inc. - CFO*
Rob Grubka *Voya Financial, Inc. - President of Employee Benefits*
Rod Martin *Voya Financial, Inc. - Chairman & CEO*

CONFERENCE CALL PARTICIPANTS

Andrew Kligerman *Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst*
Humphrey Lee *Dowling & Partners Securities, LLC - Research Analyst*
Jimmy Bhullar *JP Morgan Chase & Co, Research Division - Senior Analyst*
John Barnidge *Piper Sandler & Co., Research Division - MD & Senior Research Analyst*
Nigel Dally *Morgan Stanley, Research Division - MD*
Ryan Krueger *Keefe, Bruyette, & Woods, Inc., Research Division - MD of Equity Research*
Alex Scott *Goldman Sachs Group Inc., Research Division - Equity Analyst*
Thomas Gallagher *Evercore ISI Institutional Equities, Research Division - Senior MD*

PRESENTATION

Operator

Good morning, and welcome to the Voya Financial First Quarter 2020 Earnings Conference Call. (Operator Instructions) Please note, this event is being recorded. I would now like to turn the conference over to Mike Katz, Senior Vice President of Investor Relations.

Mike Katz ***Voya Financial, Inc. - Head of IR and Enterprise FP&A***

Thank you, and good morning. Welcome to Voya Financial's First Quarter 2020 Earnings Conference call. We appreciate all of you who have joined us for this call.

As a reminder, materials for today's call are available on our website at investors.voya.com or via the webcast.

Turning to Slide 2. Some of the comments made during this conference call may contain forward-looking statements within the meaning of federal securities law. This includes potential impacts related to COVID-19.

I refer you to this slide for more information. We will also be referring today to certain non-GAAP financial measures. GAAP reconciliations are available in our press release and financial supplement found on our website, investors.voya.com.

Joining me on the call are Rod Martin, Voya Financial's Chairman and Chief Executive Officer; as well as Mike Smith, Voya's Chief Financial Officer.

After their prepared remarks, we will take your questions. For that Q&A session, we have also invited the heads of our businesses, specifically Charlie Nelson, Retirement; Christine Hurtsellers, Investment Management; and Rob Grubka, Employee Benefits.

With that, let's turn to Slide 3 as I would like to turn the call over to Rod.

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Good morning. Let's begin on Slide 4. As the world confronts the many challenges related to COVID-19, we at Voya are incredibly grateful to all who are working on the front lines to address this global pandemic.

As we navigate this crisis, the safety of our employees, their families and our customers remains our top priority.

I am extremely proud of our 6,000 employees and the dedication and commitment that they have shown for our advisors and customers.

We have quickly pivoted to having more than 95% of our employees working remotely, and we're seeing great resilience among our

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

teams.

This would not have been possible without the significant dedication of our employees.

To support them, we have enhanced several benefits, including: fully covering COVID-19 medical testing and providing Care Coordinators to assist employees who are caring for someone with COVID-19.

When we do return to our offices, we will do so thoughtfully and gradually, and we will continue to make decisions based on the best interest of our people.

We are also taking actions to address our customer needs. As we shared last month, we were the first major retirement plan provider to waive fees in response to the CARES Act to help our customers, and all Americans, manage through this difficult time.

We did this just 4 days after the economic relief package was implemented.

Specifically, we are crediting hardship distribution and loan initiation fees associated with COVID-19-related distributions.

In total, we expect to credit back approximately $10 million to $20 million to our participants through September 30, 2020.

We are proud to serve many customers and clients who are directly serving others during this time. And we're incredibly grateful to all who are working on the front lines.

We are also supporting our broader communities, including, but not limited to, providing all Americans with free online resources and phone access to our financial advisors.

And through our partnership with AmeriCares, we're supporting the shipment of more than 23 tons of personal protective equipment to partners across the United States.

COVID-19 has, of course, had important effects on our business, and Mike will update you shortly on the impact to our financial results and outlook.

While this situation will continue to evolve, we are confident in how Voya is positioned and the team that we have to navigate through it. We will get through this together.

Let's move to Slide 5 and our key themes. We entered the first quarter in a position of strength as a result of the purposeful, strategic decisions that we've made to simplify our company and streamline our business.

On a normalized basis, our first quarter EPS was $1.10, representing a 26% increase in adjusted operating earnings per share year-over-year.

Our earnings growth was driven by success in our Employee Benefit business and our consistent return of capital to our shareholders.

We saw strong results during the quarter, including March. And we continue to see demand for our products and services, given the compelling value proposition that we provide for our workplace and institutional clients.

In Retirement, full-service recurring deposits increased 10.6% compared to the trailing 12 months ended March 31, 2019.

In Investment Management, we generated $2.2 billion in positive net flows.

And in Employee Benefits, we saw another quarter of record earnings. Additionally, in-force premiums grew 5% year-over-year.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

We continue to deliver on the cost savings that we previously announced.

We remain on track to achieve run rate cost savings of at least $250 million by the end of 2020.

We also remain on track to complete the sale of our Individual Life and Legacy Annuity businesses. We continue to make great progress with Resolution Life and our regulators and expect to close the sale by September 30, 2020.

Finally, our balance sheet and capital position remain strong. We had approximately $612 million of excess capital as of March 31.

We accelerated return of capital to our shareholders by repurchasing $406 million of our common stock during the first quarter.

In total, we repurchased $1.3 billion of shares during the past 12 months. We also maintained our dividend at $0.15 per share for the second quarter.

Moving forward, we will continue to display prudent capital management.

During the past year and quarter, we have demonstrated our ability to increase EPS and improve value for all of our stakeholders, and we will continue to execute on what we can control.

This includes achieving our targeted cost savings, completing the Individual Life sale and maintaining our proactive dialogue and engagement with clients.

These actions, combined with our strong balance sheet and lower risk business profile, position us well for these uncertain times.

Turning to Slide 6. During the quarter, Voya was named as one of the World's Most Ethical companies for the seventh consecutive year.

Voya was 1 of 132 companies to be recognized and 1 of only 5 companies in the financial services category.

This honor and others like it reflect our culture and the character of our brand.

I am confident that Voya will stand apart in our industry both for our commitment to doing the right thing and because of our strong business profile.

The proactive attitude and commitment of our management team remains as fully in-force as it has been in the past.

With that, let me ask Mike to provide more details on our performance and results.

Mike Smith ***Voya Financial, Inc. - CFO***

Thank you, Rod. Before we get to the numbers, I want to echo what Rod mentioned earlier about our recent efforts here at Voya.

I'm very proud of how our employees have adapted to this new environment and continue to serve our advisors and customers.

Because of these successful efforts, we remain confident in our ability to withstand this challenge.

Now let's turn to our financial results on Slide 8. We delivered normalized after-tax adjusted operating earnings of $1.10 per share in the first quarter of 2020.

This excludes $0.04 of prepayment and alternative income above our long-term expectations.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

This relates to favorable fourth quarter equity market performance, $0.09 of unfavorable DAC/VOBA and other intangibles unlocking and $0.21 of stranded costs associated with Individual Life and other closed blocks.

As a reminder, we will continue to normalize for these costs until the transaction closes, which is expected by September 30 of this year.

On a reported basis, adjusted operating earnings were $0.83 per share for the quarter.

Our first quarter GAAP net loss was affected by 2 items. The first item related to hedging results for our Stable Value block in Retirement. Our Stable Value hedges are constructed to balance protection of GAAP net income with preservation of statutory capital.

For these products, GAAP income is much more sensitive to interest rate and credit spread movements.

The move in rates and credit spreads during the quarter generated a GAAP loss. However, results had a favorable impact on statutory income, which increased our excess capital.

The second item is related to our regular quarterly update to the estimated loss on sale associated with our Individual Life Transaction. We refined our allocation of proceeds between the legal entities to be sold and the reinsured portion.

We continue to expect a significant gain from the reinsurance component when it is booked at close and that the ultimate GAAP loss on sale for the overall transaction will be in a range of $250 million to $750 million.

Under today's rate and spread environment, we expect to be on the lower end of that range. Importantly, our expected proceeds at closing have not changed. As a reminder and consistent with prior periods, GAAP net income includes Individual Life earnings as a discontinued operation.

Individual Life experienced unfavorable mortality this quarter, driven by frequency and severity.

We had a strong first quarter 2020 operating result, driven by favorable Employee Benefits results and the consistent use of excess capital to repurchase shares.

Moving to Slide 9. Retirement delivered $140 million of adjusted operating earnings in the first quarter, excluding unlocking, and trailing 12-month return on capital was 13.6%.

In the quarter, we had $16 million of unfavorable DAC unlocking, largely reflecting lower equity markets at the end of the quarter.

First quarter adjusted operating earnings, excluding unlocking, were higher year-over-year.

Higher fee income reflects the impact on full-service AUM from higher average equity markets year-over-year and ongoing success with winning new clients, including recordkeeping. Offsetting higher fee income was lower investment margin, which was affected by lower interest rates.

Administrative expenses were higher due to a reallocation of certain expenses from Corporate to Retirement and higher volume-related costs related to announced plan wins.

We previously guided administrative expense for the first quarter and full year 2020 to be in the range of $205 million to $215 million and $800 million to $820 million, respectively.

While first quarter expenses ended above our expected range, we expect to be at the upper end of our full year guidance.

Turning to deposits and flows. First quarter full-service recurring deposits grew by 10.6% on a trailing 12-month basis.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

Retirement generated positive Full Service net flows across both Corporate and Tax-Exempt markets, totaling $329 million for the quarter.

Over the last 12 months, we have generated $1.8 billion of Full Service net inflows.

Looking to the second quarter. We expect a tax-exempt client outflow of approximately $700 million. However, the majority of assets in this plan are in higher guaranteed interest rate accounts.

First quarter Stable Value net inflows were a record $2.6 billion, largely driven by sales of new Stable Value mandates, supported by participants' increasing allocation to products that help preserve the value of their retirement savings.

We recorded $1.5 billion of recordkeeping net inflows in the quarter, representing part of the $26 billion we had anticipated for 2020, as we guided to on our fourth quarter call.

However, we now expect this to be approximately $20 billion due to the impact of equity market declines on asset values.

Recordkeeping fees are mostly driven by the number of plan participants, which remains largely unchanged.

We entered the quarter with strong commercial momentum, which is continuing in the second quarter, where we expect more than $3 billion of Full Service deposits.

We have confidence that our diversified Retirement business is well positioned to weather the current environment and is poised for long-term success.

On Slide 10, Investment Management delivered $40 million of adjusted operating earnings in the first quarter. This was higher than first quarter 2019 due to more favorable investment capital results and increased fee revenue from higher average asset levels and continued client wins. This was partially offset by higher expenses in the quarter.

First quarter 2019 benefited from a legal expense recovery that did not repeat in 2020.

Our first quarter adjusted operating margin was 23.9%, including investment capital. On a trailing 12-month basis, this margin was 26.8%.

We continue to target a long run operating margin of 30% to 32%, although current macro conditions may make it difficult to achieve this target range by the end of 2021.

Turning to flows. Overall net inflows were $2.2 billion in the first quarter, with inflows seen across strategies and distribution channels.

Our first quarter net flows included more than $3 billion of institutional net inflows in the quarter, where our organic growth was 5.3% on a trailing 12-month basis.

This was primarily driven by fixed income mandates within our growing insurance and international channels.

We also closed on our third European CLO and saw sizable Stable Value inflows.

Our retail net outflows were $900 million in the quarter. Momentum in retail flows seen in the second half of 2019 carried into the start of this year.

January and February flows totaled one of the strongest starts to a year we have seen.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

However, similar to industry trends, outflows in March more than offset this as investors sought liquidity and safety from the volatile markets.

Our fixed income performance was tested by the dislocations we experienced in credit markets during the first quarter.

However, our longer run performance remains strong. 80% of our fixed income funds outperformed their benchmark on a 5-year basis, and 98% did so on a 10-year basis.

We remain confident in our ability to generate strong investment performance

We are encouraged by our commercial momentum in several areas.

For example, we will benefit from a new $6 billion insurance mandate that funded in April. We recently launched our tenth private equity fund, Pomona 10, for which we expect the first commitments to occur in the second half of 2020, as originally planned.

We expect Pomona 10 to be our largest capital raise so far at approximately $2 billion.

Also, in the second half of the year, the launch of our infrastructure debt fund will further diversify our private, specialty investment capabilities.

We expect demand for these capabilities to increase, as investors seek yield in a low interest rate environment.

We believe our diverse platform of investment capabilities and distribution channels as well as our track record in managing specialty strategies are differentiating factors for our Investment Management business that will drive our long-term success.

Turning to Slide 11. First quarter was another record for Employee Benefits, delivering $61 million of adjusted operating earnings, excluding unlocking.

This represents more than 60% growth over first quarter 2019 results, while return on capital expanded to 34.1%, up from 28%.

First quarter results were driven by favorable underwriting results across all product lines.

The total aggregate loss ratio was 69.1%, an improvement of 320 basis points year-over-year.

This quarter's loss ratio result was favorable relative to our target range of 70% to 73%. Annualized in-force premiums grew more than 5% over the same time period, supported by strong growth in Voluntary.

Stop Loss in-force premium grew modestly, as we maintained pricing discipline through the January sales and renewal season.

We are very pleased with Employee Benefits growth and financial results, and we believe our long-standing distribution partnerships and differentiated service capabilities will drive continued success in the long term.

On Slide 12, we provide items to consider for the second quarter of 2020. In the second quarter, we expect seasonally higher first quarter administrative expenses to not repeat and preferred stock dividends to be lower.

Offsetting these favorable items are several factors, including: first, lower Employee Benefits results from loss ratios returning to our targeted range and an increase in claims and lower revenue due to COVID-19; second, lower spread revenues due to continued low interest rates; third, a favorable investment income item that is not expected to recur in the second quarter; fourth, lower sweep fee revenues in Retirement. This relates to brokerage accounts within our Retail Wealth Management business that can earn short-term

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

interest rate linked fees on assets. Fifth, impact of fee revenues from lower average equity markets, assuming average 2Q levels based on the actual trading in April and no market appreciation from the end of April.

While we have provided some items to consider, there will, of course, be other factors that affect second quarter results, including changes in our average share count, business growth and the potential for additional COVID-19 impacts that we have not specifically mentioned here.

Turning to Slide 13. Our earnings growth outlook, as with others in the industry, is affected by the uncertainties created by COVID-19, such as the magnitude of claims, changes to employment levels and the ultimate shape of a future economic recovery.

This uncertainty makes it very difficult to confidently provide medium- and long-term earnings growth guidance. We will revisit our earnings growth guidance ranges, including our previously shared $1.80 to $1.90 EPS guidance for 4Q '21 as we gain improved visibility.

What we can say is that our previously shared earnings sensitivities to equity markets and interest rates have largely held.

Regarding our equity market sensitivity, note that the $4 million to $5 million pretax impact applies to the change in daily average equity market levels.

As a consequence, the full effect of the decline in markets seen in March will not be felt until the second quarter.

Based on the current rate environment and consistent with our second quarter EPS walk, we expect lower spread income of approximately $4 million in the second quarter.

We also include a new interest rate sensitivity to adjust for the current rate environment. This sensitivity applies to a parallel shift of interest rates and spreads, where the impact is larger for the up-rate shock given the impact on floating rate assets with floors.

Turning to business impacts from COVID-19. We expect a slowdown in sales across our 3 businesses, as fewer opportunities will come to market. However, we should see some offset from higher retention.

Specific to Retirement. We expect to see pressure on recurring deposits due to lower contributions and reduced employer matching.

Within Investment Management, net flows will be pressured to the extent investors continue to seek safety in cash and lower risk investments. And Employee Benefits premiums will likely be reduced as a result of increased unemployment.

This effect is mitigated somewhat for 2020 by the fact that the majority of our in-force premium is driven by sales and renewals that become effective in January.

From a claims perspective, we estimate that 100,000 COVID-19 related deaths in the U.S. would have an impact to Employee Benefits of approximately $25 million to $45 million.

This would primarily affect Group Life. Although our estimate also reflects expected increased Voluntary claims from COVID-19-related hospitalizations.

For Individual Life claims, again, assuming 100,000 overall U.S. COVID-19 related deaths. We expect an impact in the range of $10 million to $30 million, though this would be seen only in net income with the rest of Individual Life's financial results.

We will continue to assess our estimates of COVID-19 impacts as data emerges surrounding the spread of the pandemic overall as well as the emergence of effective treatments and/or vaccines.

Turning to Slide 14. We provide more detail on our investment portfolio. Our disciplined investment process is focused on balancing

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

required capital and risk-adjusted returns.

Our investment team has decades of deep, sector-specific expertise. Approximately 95% of our fixed maturity securities are rated NAIC 1 or 2.

On the left side of the slide, we have provided a view of our portfolio as of the end of the first quarter.

On the right side, we show a pro forma view after the Life Transaction closes. Post close, we maintain a highly rated fixed maturity portfolio with a reduced allocation to public corporates with corresponding increases in other asset classes.

We believe the pro forma portfolio presents a more balanced risk profile.

On Slide 15, we have provided additional detail on securities held in our general account that may be particularly impacted by COVID-19-related stress.

With respect to the COVID-19 exposures, approximately 12% of our investments are in the areas most directly impacted by the pandemic.

In the appendix, we include more details on some of these exposures, but I wanted to highlight a few things.

First, our energy holdings are 86% investment grade, with 2/3 of it private and over 40% in the less commodity price-sensitive midstream sector.

Second, over 99% of our Commercial Mortgage Loan, or CML, portfolio is rated CM 1 or 2. The entire CML portfolio has a weighted average loan-to-value of 46% and debt service coverage ratio of 2.3x. Just 2% of the CML portfolio has exposure to hotels.

Third, our CLO exposure is 97% investment grade, with an average credit enhancement of over 20%.

We have also provided the results of 2 stress test scenarios. We view stress case 1 as a moderate scenario and stress case 2 as a severe but not worst-case scenario.

For the stress scenarios, we have performed a detailed security-by-security analysis to determine the potential impact of ratings migration and credit impairments on required capital.

The analyses showed an impact to excess capital of $300 million in stress case 1 and $600 million in stress case 2.

Ratings migration accounts for over 75% of the capital impact in each case.

Stress case 1 reflects downgrades of at least 1 NAIC notch on more than $2 billion of the general account. 60% of the downgrades are to NAIC 3 or below. This level of downgrades represents nearly 70% of the historical peak downgrade experienced over the last 2 decades for an investment-grade credit portfolio.

Stress case 2 reflects downgrades of at least 1 NAIC notch on over $3.3 billion of the general account.

Nearly half of these downgrades are to NAIC 3 or below. This level of downgrades is 15% higher than the historical peak downgrade experienced in the last 2 decades for an investment-grade credit portfolio.

Note that neither scenario incorporates possible benefits from any active management we might undertake to mitigate these adverse effects.

Importantly, we believe the capital impacts from these stress scenarios are manageable, considering our current excess capital position,

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

future free cash flow and the expected proceeds from the close of the life insurance transaction.

Slide 16. We entered into the first quarter with a strong capital position and remain well positioned going forward. Our estimated RBC ratio was 455% at the end of the first quarter, above our target of 400%, and our excess capital was $612 million.

Our strong excess capital position enabled us to take advantage of the market dislocations in the quarter.

We completed over $400 million of share repurchases, taking advantage of our attractive valuation.

Given uncertainties with the broader credit environment, we paused share repurchases in March.

We continue to believe it is prudent to preserve some capital and will closely monitor developments through the second quarter.

We will continue to be good stewards of capital, balancing opportunities to repurchase shares, while maintaining a strong balance sheet.

Debt-to-capital was 32.1%. This is above our 30% target due to the greater estimated loss on sale this quarter.

However, the impact is temporary, as it does not reflect the anticipated gain on reinsurance at transaction close or our planned utilization of a portion of the transaction proceeds to retire existing debt issuances.

We have no debt maturities upcoming in the next 3 years and have ample liquidity resources.

Finally, we have maintained our first quarter common stock dividend at $0.15 per share. The dividend reflects confidence in our ability to generate sustainable free cash flow.

In summary, we've been a market leader in serving all of our stakeholders during this time and are proud of our employees for their resilience and adaptability.

While there will be COVID-19-related headwinds in meeting our growth targets, we believe our strong work site and institutional franchises are poised to benefit over the long term.

We continue to have high confidence in our ability to close the Individual Life Transaction by the end of the third quarter. And we have a strong excess capital position and will continue to exercise prudence and remain good stewards of capital.

With that, I will turn the call back to the operator so that we can take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question comes from Humphrey Lee with Dowling & Partners.

Humphrey Lee ***Dowling & Partners Securities, LLC - Research Analyst***

In terms of the business impacts that you cited in Retirement and in Employee Benefits, have you seen any kind of impact in terms of behavior change from plan sponsors or participants to date?

And then also, how should we think about the premium growth for Employee Benefits in the near term?

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Humphrey, good morning, it's Rod. I'll have Charlie start and then hand the baton to Rob on Employee benefits, Charlie?

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

Charlie Nelson ***Voya Financial, Inc. - CEO of Retirement & Employee Benefits***

Good morning, Humphrey, and thank you for the question. In terms of behaviors, we've not seen significant change in volumes year-to-date on hardships and loans.

In the month of April alone, hardships and loans, the volume, the numbers are down pretty significantly. But the total asset number is up in our recordkeeping business, but basically flat in full service.

So recordkeeping is more per participant, so the Full Service is the same. And what you might see there, I think as you think about hardships and loans, let's say, we saw a 25% increase in hardships and loans, that would only equate to, over what we previously have seen, about 1.5%, 1.6% in assets. And so you got to kind of keep it in perspective, it sounds like a big number, hardships and loans. But in terms of an impact on assets and in particular, on full-service assets, it's a much smaller percentage.

As you think about the overall behavior, what we're seeing in the market, we have had, as you saw, a very strong first quarter in sales, our recurring deposits and our net flow up $330 million and the net flows on the recordkeeping and strong Stable Value fund sales as well.

But when we look at April, we have seen fewer RFPs in the month of April versus April 2019. And those fewer RFPs are things that would materialize probably in the fourth quarter or first quarter of next year. And yet at the same time, we've also been notified on more Full Service corporate wins in the month of April of 2020 than we did in 2019, significantly more.

And so we look at these, and these are wins that will likely fund more in the third or fourth quarter of this year. So we've seen employers and advisors proceed with their RFPs and making buying decisions and that we're doing a lot of finalist presentations, both in our Tax-Exempt and our Corporate business through Zoom and continuing to move forward with benefit design changes.

One of the more interesting ones, in some ways, Humphrey, is we actually saw in the month of April, 75% more start-up 401(k)s than we did last year in April. So a start-up 401(k) being an employer that never had a 401(k) before, presumably smaller business, we saw 75% more in April than we did last year.

So I would say, though, that we're not expecting our total deposit growth year-over-year to grow. But we're also not seeing any signs that it's going to dry up either. So thus, I think the total deposit guide for the second quarter that Mike spoke about of roughly $3 billion-plus for the second quarter in Full Service should be fairly solid.

We do expect the COVID-related business activities to be much less impactful, I think, in the 2020 earnings versus the equity market and interest rate impact.

So I'd just wrap and say, I think the brand is shining bright. We're being recognized. There's lots of market activity. And we certainly believe that as benefits -- excuse me, that will benefit us as advisors and employers have a flight to quality.

I think they will certainly look in the -- for certainty in their Retirement provider in some uncertain times.

So with that, Rod, I'll maybe turn it back to you.

Rob Grubka ***Voya Financial, Inc. - President of Employee Benefits***

Yes. Humphrey, this is Rob Grubka. So on the first point, from an employer standpoint, certainly part of what we've been watching closely is just the pace of things coming to market and then the pace of decision-making.

And so at this point, I think it's sort of a little early to declare too hard one way or another, but sort of initial things that we're seeing, it's been positive. Things are continuing to be decided upon as we think about not only sort of the sales that we already got in the door with a good 01/01 activity, as Mike had already alluded to, we've continued to see decisions made throughout this time period.

And as we think about what we see in April, we're actually sort of ahead of the pace of play that we would have expected just given this

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

environment.

And as a reminder, we focus in on that middle to larger end of the marketplace. And so our ability to continue to both be interacting with brokers as well as the customer, we're not as reliant upon as some other firms might be on sort of the face-to-face impact that comes with their sales process.

Again, as Charlie said, we're all adapting to and finding new ways to stay in touch and stay in tune. I would say sort of the initial pace of play to this point, though, has been a positive.

As we think about sales in second quarter, I'd say we're actually on pace to do a bit better than we did in prior year at this point. And even in an area where you'd think, boy, decisions would have really slowed down, we're actually ahead of pace on sort of 01/01/21 decisions at this point.

Again, we've got a lot to unfold in front of us as the year evolves and the pandemic continues to run its but sort of at this point in time, as we sit here today, I feel pretty good about those things.

Probably the biggest wildcard that we'll continue to monitor and stay close to is around just employee impacts. And so obviously, we're all hearing plenty about furloughs and layoffs and how does that evolve through the book and the pace of that. And then, obviously, how does that unwind itself and improve over time will be an important part of what we monitor and assess as things move forward.

That's a piece of the impact that Mike talked about from COVID. And so we'll see how that plays forward. And as Charlie said, the value of what we do has probably never been more and so we continue to be optimistic in sort of the long-term view.

Obviously, this is a big divot to work our way through, but we're certainly continuing to work hard at it.

Humphrey Lee ***Dowling & Partners Securities, LLC - Research Analyst***

Appreciate the color. Shifting gears. So Mike, you mentioned that you have temporarily paused buybacks in March. Given the expected proceeds to come from in the Individual Life Transaction, I guess, what factors would you have to see before you start resuming buybacks?

Mike Smith ***Voya Financial, Inc. - CFO***

Thanks, Humphrey. Look, I think the way to think about this is there's a lot of uncertainty in the credit environment, and we shared the way we're thinking about some of the potential impacts in the stress testing.

As you mentioned, we'll -- when the Life Transaction closes, we should have significant capital that would be available to be potentially used for share repurchases. We'll also continue to generate cash flow -- free cash flow and excess capital, I think, over the period as we go forward.

So look, the way we're thinking about the decisions we have about the pause is we're going to continue to monitor the environment. We'll have a natural opportunity to assess where we are around this end of the second quarter.

And then even more so, a very logical opportunity to think about it when the Life Transaction closes. And I think given what we did in the first quarter with $400 million and related to the overall guidance that we had given as an expectation of $1 billion plus, I think so long as the stress test cases that we've got in our view as to defining what reasonable outcomes could be, there's certainly a path to achieving that $1 billion plus.

So it's really going to be the credit environment, how we're seeing how the economy is unfolding, how the pandemic is continuing to either spread or be under further control. Those are the kind of things we'll be thinking about. But it's very much a pause and it's very much in line with the way that we have operated over the years.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

We've said consistently the way we approach capital management is through disciplined, consistent assessment of the environment. Some quarters, we lean in. You saw us lean into the first quarter, other quarters, because of the environment or where the stock price is or other factors, we will lean back, and that's what we're doing now. But it's in no way anything other than a temporary consideration of the uncertainty we're facing.

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

And Humphrey, the only thing I'd add to what Mike said, and I think you framed it beautifully is, if you think about the purposeful decisions we've made about our portfolio, we've been preparing the business and the balance sheet for this kind of flexibility.

Our free cash flow, the $900 million of excess capital we brought into the year, the $600 million that we have today, the proceeds from the Life Transaction, there's a lot of flexibility that we've got. And I'd point to the fact that we've purchased since we've been a public company $6.4 billion of shares. I think it's a very strong track record to look forward to in terms of our energy and thinking.

Operator

Our next question comes from the line of John Barnidge with Sandler O'Neill.

John Barnidge ***Piper Sandler & Co., Research Division - MD & Senior Research Analyst***

You said 95% of your employees are working from home. Do you envision all 100% going back into an office going forward? Or could you see real estate savings emerging?

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

John, good morning, it's Rod. A couple of pieces. One is, as I know you're aware, but for the listeners, part of the legacy of the acquired companies that now make up Voya, our geography footprint is in multiple locations.

So by way of example, we've got a substantial footprint in Windsor, which is largely our Retirement business, in Atlanta, in Minneapolis. We're building up out a very significant facility in Phoenix for call center and operations and so on. We've got a facility in -- outside of Boston. We will be returning to work on a very gradual basis based on facts and circumstances in those locations.

The other thesis I'd add is 20% of our employees -- approximately 20% of our employees today are what we call virtually orange. Said differently, what virtually orange employees are, are people that permanently work from home.

That on top of what we've been able to do, I think this is a moment that we will, in fact, rethink how much of our workforce can and should work from home or might have a desire to work from home as we go back.

So we haven't made any firm decisions. We want to offer that flexibility where it makes sense to do so. And of course, the downstream effect of that, it well could have some real estate pieces.

But first and foremost is our employee safety and, frankly, our customer-facing safety as we do this. But I do think, given that we already had 20% working virtually orange, it's a moment that Voya and probably many other companies are going to relook at what that future state business model will be, and we, in fact, are doing that ourselves.

John Barnidge ***Piper Sandler & Co., Research Division - MD & Senior Research Analyst***

Great. And then maybe my follow-up question, I apologize if you mentioned it, but can you talk about the average age of Employee Benefit customers? Just kind of mention that and thanks for the answers.

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Rob?

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

Rob Grubka ***Voya Financial, Inc. - President of Employee Benefits***

Yes, sure. John, again, everybody's got sort of different business models. What we do within the Employee Benefit business here is very much focused in on working-age population.

So if you think about 30 to 65 year olds, that's going to be 90% of our sort of in-force block that we're reinsuring.

So look, it's going to be a young age. I won't put an exact number on it, but again, that range of 30 to 65. You think about when people are going to want insurance, when they're not going to maybe need it, as they age in life, again, then obviously, retirement and things set in.

So the heart of the matter is that 36- to 65-year-old age group, as I said.

Operator

Our next question comes from Nigel Dally with Morgan Stanley.

Nigel Dally ***Morgan Stanley, Research Division - MD***

So I had a question on leverage. Given we had a modest net income loss this quarter, and you mentioned the reinsurance gain is now likely to be at the lower end of the range. Is it likely that more of the $1.5 billion of deployable capital from the life insurance sale will need to be applied to leverage reduction? I'm guessing that's not going to be a big change, but just wanted to clarify that with you.

And then, second, any rate into the level of pressure on alternative investment income in the second quarter.

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Mike?

Mike Smith ***Voya Financial, Inc. - CFO***

Okay. I'll come back to the second one to give it some clarification. But on leverage, so let's just step back and make sure that we've communicated clearly what is going to happen.

So the loss on sale that we've booked so far, the estimated loss on sale, which relates to about half of the transaction, was increased to a little bit less than $1.3 billion, right?

And that's an increase of about $160 million from where we were at the fourth quarter. We expect a significant gain at time of close as it relates to the reinsured portion of the transaction that will get the net GAAP impact to be $250 million to $750 million loss overall.

So -- and that under current spreads and rates, we expect to be at the lower end of that. So that actually frees up more capital that reduces the impact to -- the impact of the GAAP book value, excuse me, and reduces the leverage that would come because the GAAP book value will be higher than it had originally been anticipated.

So if things hold, we'd actually have fractionally more available for potential share purchase -- share repurchase or other purposes, and we would be doing less debt repurchase.

We had guided to somewhere -- I think in the last call, we had guided to debt repurchase between $600 million to $800 million. I think we're definitely at the lower end of that range and could potentially even be below that range, depending on how things unfold. Okay?

And so we will naturally, first of all, at close, with the impact of the reinsurance gain, we will fall below our leverage target. So we will be likely in the 28, 29 range, again, assuming that the current conditions hold.

And then as we repurchase shares, we would need to then lever down the debt to maintain that leverage.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

And then Nigel, just on the question on alternatives and rating agencies, could you give me a little bit more on what you're looking for there?

Nigel Dally ***Morgan Stanley, Research Division - MD***

I just see some of the other companies have provided an indication as to level of loss which they expect in the second quarter on their alternative investments. Just wondering whether you have a ballpark as to where that number may fall out?

Mike Smith ***Voya Financial, Inc. - CFO***

Not at this point. No. I mean, I think you could probably look to the first quarter of last year, I think, am I remembering that correctly, where that was a quarter lag off of the fourth quarter of '18, which was, I think we all recall a fairly challenged quarter for alternatives and equities. That's probably not far off, but we don't have a number specifically. We haven't worked up a number specifically yet. It's just too early.

Nigel Dally ***Morgan Stanley, Research Division - MD***

Appreciate the color and clearing up what's happening with leverage in particular.

Operator

Our next question comes from the line of Jimmy Bhullar with JPMorgan.

Jimmy Bhullar ***JP Morgan Chase & Co, Research Division - Senior Analyst***

I just had a question first on the Group Benefits business and specifically medical Stop Loss. Your margins are pretty strong. So wondering what is -- maybe whether you view this as more of an aberration and just normal volatility in claims trends? Or just -- or something related to people's reluctance to go and seek medical care because of COVID and everything else that's going on, so something that could potentially sustain into 2Q as well?

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Thank you, Jimmy. Rob, you want to take that?

Rob Grubka ***Voya Financial, Inc. - President of Employee Benefits***

Yes, sure. Thanks. Yes, Jimmy, as we looked at Stop Loss, even sort of, call it, pre-COVID as we were finishing up 2019, we felt good about what we were seeing in the underlying data and the claims activity. And we've sort of been on this trend over, frankly, a number of years of just working on the right balance of growth, right balance with pricing and renewal activity and trying to thread the needle there in a good way. I think you've seen that really come home versus some sort of secondary or primary impact from COVID and reluctance to go to a hospital.

When you think about our business, as a reminder, we talk about middle and upmarket focus. You can think about deductibles at an individual level between 200,000 or 300,000 sort of is the sort of the middle of the curve, so to speak, of where most of our exposure would sit.

And so look, those aren't "oh boy, I've got cancer. I don't think I'm going to the hospital" sort of moments. It's -- they've got something serious going on. If they're in treatment on a program, whatever the diagnosis may be, those are generally not going to be voluntary sorts of decisions that people just sort of opt out of and I'll go later moments.

So look, this is a real combination of, I think, just discipline around the business, a continuing of the trend that we've seen and the results moving in the direction that we want them to.

Now as we look, as you play this forward, can there be some knock-on impacts or delay things on the edges? Again, sure on the edges. But as Mike talked about sort of the range estimate around second quarter as well as the longer-term view of that broader range of COVID impact, we don't really anticipate a lot of noise to any noise within Stop Loss. Again, just given where we fit in the market, the types of cases we sell, how we position our product, I think it's going to be very modest to not at all.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

Jimmy Bhullar ***JP Morgan Chase & Co, Research Division - Senior Analyst***

Okay. And then just on the asset management business, you had pretty strong flows in your international -- or institutional business, sorry. Any comments on sort of what asset classes are driving that? And how the pipeline in that business looks and whether that momentum sort of sustained into 2Q as well?

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Christine?

Christine Hurtsellers ***Voya Financial, Inc. - CEO of Voya Investment Management***

Certainly. Thank you, Jimmy. Yes, as far as the strong flows that we had in the first quarter, really, it was from a variety of sources. And I think that it just really speaks to one of the competitive advantages that we have. It's just the diversified client base.

And so through the first quarter, the insurance channel that we have was particularly strong. We closed a European CLO as well as had strong Stable Value flows as a few examples.

And so when you look out into how does the pipeline look into the second quarter, very strong. Mike referenced in the beginning, we funded approximately a $6 billion multi-sector insurance mandate in early April. So those assets are already in the door and invested and being invested as well as with some of the crises come opportunities, so to speak, Jimmy.

And what I mean is we have a very strong specialty fixed income franchise, very strong securitized. And so we are in the market with a TALF fund as an example and continue to see strong client demand for some of these specialty asset classes that we manage such as real estate, just given the overall low rate environment that, quite frankly, given where interest rates are, we're likely to be at for quite some time.

So low rates isn't going to take away the need for income. It's only going to strengthen it. So overall, we see a lot of diversification, strong second quarter and good confidence for the remainder of the year.

Operator

Our next question comes from Alex Scott with Goldman Sachs.

Alex Scott ***Goldman Sachs Group Inc., Research Division - Equity Analyst***

First question I had is just on the commercial mortgage portfolio. I appreciate the additional disclosure in the presentation. But I was just interested if you could provide some color on what you're seeing so far in April in terms of like forbearance and what you expect there?

And maybe if you have any commentary on sort of the NAIC's approach to allowing a little more leniency there?

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Mike?

Mike Smith ***Voya Financial, Inc. - CFO***

Thank you, Alex. So far, we've received forbearances requests on about 20% of the unpaid principle on the CML portfolio.

As you'd expect, the hotels, which is a very small portion of our commercial mortgage, but that's been pretty much universal within that space and about half of our retail. And as we've shared in the past, I should just point out, a lot of our retail exposure is more the grocery store-centered retail community shopping centers that, I think, are actually going to continue to do reasonably well through this period.

So of that 20% that have sought forbearance, there have been a few where the requests were withdrawn. But we're about halfway through that, that we've granted it. We're working through the remainder of those requests. So I think the terms will be specific to each deal, but broadly speaking, think of it as a 3-month forbearance with principal carried over to the unpaid balance.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

In terms of NAIC, we certainly -- and softening there or at least relaxation. I think it's appropriate and welcome. I don't have a whole lot of specific comments. I think the idea here is that this is a temporary phenomenon and that we will, hopefully, in relatively short order, get back to a more normal level of commerce that will enable these properties to continue to function.

But overall, we're pretty pleased with our commercial mortgage portfolio. We think we've taken a really strong approach to the underwriting, and it shows up in some of those, the statistics about the portfolio that I mentioned.

So we're working through it, but pretty comfortable with where we are right now.

Alex Scott ***Goldman Sachs Group Inc., Research Division - Equity Analyst***

Got it. And then maybe my second question on Retirement. I guess, when I think about the last few years, I think you guys have benefited a decent amount from just sort of consolidation of the retirement industry among like the top players and some of the smaller players getting squeezed out.

Would just be interested to hear if you think the current environment will accelerate that, slow it down. Just high level, what do you think it would do to consolidation?

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Charlie?

Charlie Nelson ***Voya Financial, Inc. - CEO of Retirement & Employee Benefits***

Thank, Alex. In short, I think it is going to accelerate things. When we look at even just kind of the growth in sales that we've had, as you pointed out, we've done well in attracting wins from kind of, call it, providers number 10 through 60-plus, the 60-plus record keepers. But we've done equally well in winning net growth from a number of the top 10 DC providers.

During this time, we certainly think that there is going to be more of a flight to kind of quality as both advisors and consultants and Plan Sponsors look for providers that can invest in the business and advance their offering.

You may have noted during the quarter -- during this last quarter, we announced our new student debt service, admin portal, a partnership with Vault and recently announced financial wellness collaboration with our Employee Benefits business, the My Healthy Money. So these are all kind of tools that we continue to invest in and it allows us to create greater distance between the offerings of our competitors.

And I think it's going to be more challenging for those smaller ones. And so we'll see over time how this develops. But the early signs are quite good that in these -- as I said earlier, I think Plan Sponsors will look for certainty in their retirement provider in uncertain times.

Operator

Our next question comes from the line of Tom Gallagher with Evercore.

Thomas Gallagher ***Evercore ISI Institutional Equities, Research Division - Senior MD***

The -- just a follow-up question to that commercial mortgage loan forbearance request. 20% sounds like a big number in terms of the percent of the total portfolio. How do you -- in your stress test, how are you thinking about how that plays out in terms of losses, delinquencies, potential losses, impairments on that?

And then, I guess, another investment question. Pro forma the Life sale, you're showing 20% of your portfolio is going to be in private placements. And how are you thinking about that portfolio broadly? Because, I guess, my concern is that that's predominantly small to midsized businesses. And while the covenants may be good, I would imagine that they -- that portfolio will fare worse, broadly speaking. But anyway, if you could take a shot at both of those.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

Mike Smith ***Voya Financial, Inc. - CFO***

Okay. Yes, why don't I start and then Christine, certainly, you can add some color, if that's okay. So Tom, in terms of the forbearance and sort of granularity around that, I think the way to think about the stress cases, is that we went through each mortgage loan and assessed it relative to the place it sits. We could certainly considered the level of forbearance that either we knew about or were or requests we would likely receive. And then we factored that into the overall -- the potential for migration and/or potential impairment.

So that was an explicit consideration in pulling together the stress tests. So I don't have specifics to give you in terms of exactly how many of those forbearance requests turned into each of those, but it was an explicit consideration.

The overall approach to the stress test was truly CUSIP-by-CUSIP or investment-by-investment with our credit experts assessing, given the scenarios that we had put forth where to go and how that -- how we thought that would ultimately unfold.

In terms of the overall portfolio on the other side, and certainly, I would certainly welcome Christine's view here. But I think we actually are pleased with where we're going to be on the other side. It's not at all clear to me that -- and I don't have statistics that I can share. But I -- there's been a lot of private issuance at a lot of levels and not just small to mid.

So I think we can certainly look to add some level of disclosure there. But again, that was considered in the stress test analysis. We're pleased with the outcome of the new allocation. It takes us in a direction that we were already trying to head, which was to reduce our exposure to public corporates and get a more balanced approach.

So I think we're actually pretty happy with where that's coming out. Christine, anything you want to add on the privates?

Christine Hurtsellers ***Voya Financial, Inc. - CEO of Voya Investment Management***

Yes, Mike. I agree. We're very happy and confident with where we are. And Tom, when you think about privates, and you're spot on, it's a big market and it can mean a lot of things to a lot of people.

But our business model really isn't that middle-market lending sort of $0.5 billion kind of top line revenue and below company. While we do have some of that in the portfolio, a lot of the reasons that companies go to the private debt markets is they're offshore, and they simply don't want to go through all of the filings.

So companies like BMW, Mars Candy is just a few examples. And so again, we tend to be a little bit up the food chain, if you will, as far as the companies that we lend to. But certainly, we can provide more closure potentially and work with Mike on that.

Operator

Our next question comes from Andrew Kligerman with Crédit Suisse.

Andrew Kligerman ***Crédit Suisse AG, Research Division - MD & Senior Life Insurance Analyst***

So the first question I'd like to ask is around the divestiture of Individual Life as we sit here and the talk on the call has been focused on credit and the potential for defaults and low interest rates affecting earnings.

And then I think you cited in the Individual business, $10 million to $30 million of COVID-19 related impact on the mortality. So clearly, as Resolution looks at this transaction, it may not be as attractive as it was upon the announcement. So what I'm hoping for is a little clarity around why you're so confident it will close at September 30, maybe 2 or 3 reasons why it should close?

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

It's Rod. Mike and I will go back and forth. Part of the reason we continue to convey our confidence is the active communication that we're having with both Resolution and with the regulators.

Resolution has been looking for both a platform, people and a book of business for a long period of time. We spent a considerable amount of time together in doing this. We are exactly where we thought we would be at this point in standing up this new company.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

The regulators have been absolutely fabulous in their working with us on a virtual basis. And so all signs are pointing to an on schedule close at this point in time.

There's been, again, active engagement. And Andrew, this is a model that you all would be familiar with because we did something quite similar when we stood up Venerable in the Apollo transaction.

And so that was just 2 years ago. And fundamentally, our team went from that project to this project. We're dealing with a very sophisticated group of investors in terms of both the equity commitments and debt commitments. And we're seeing no signal or sign at all other than wanting to do this as fast as we can collectively.

And if you think about it from Resolution's perspective, and I'm not speaking for them, but just my point of view, in the dialogue with them. If we can stand up this company and move through the regulatory approval on an on-scheduled basis in a very complex environment, they're certainly intending to take this platform to do other similar roll-up types of transactions prospectively.

And what better way to point to look what we got done collectively, is standing up this company. But Mike, I'd ask you to jump in and add anything. Mike is leading this.

Mike Smith ***Voya Financial, Inc. - CFO***

Yes. Just a couple of things. I completely agree on the -- especially on the regulator piece. I think when this -- the pandemic and the severity of it became more evident that people moved to home work, I was concerned about our ability to make progress. But I've been impressed by the continued pace at which the regulators are engaging in this.

So I don't think there's any reason to think that that's going to cause a delay. And then from the standpoint of just the day-to-day interaction with the Resolution team and the work that they are doing to prepare for separation, there has been no slackening in any way of their engagement with the team.

I mean, they host town halls. They're hiring people from outside to come in and take over roles that we need the staff for the separated company. So there is every sign that they're just as committed. And I think for the reasons that Rod mentioned is, it's really important to them strategically to take this step and I think they are fully committed.

And then finally, just look, the terms of the agreement are such that it's fairly difficult for them not to close if we meet all the closing conditions, right?

So I think we feel very good about the way the agreement was structured as well as all the signs we're seeing so far.

Operator

Our next question comes from Ryan Krueger with KBW.

Ryan Krueger ***Keefe, Bruyette, & Woods, Inc., Research Division - MD of Equity Research***

On the COVID claims impact that you expect, I know you gave the overall potential amount. I guess -- I'm not sure if I missed it, but can you clarify how much of that is assumed to occur in your second quarter EPS walk?

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Mike?

Mike Smith ***Voya Financial, Inc. - CFO***

Yes. Ryan, thanks for the question. So the way to understand the walk is as follows. About 1/3 of the change is from the normalization of the loss ratio and the normalization of results.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

The balance is a combination of claims effects and potential revenue impacts from unemployment or other effects like that.

So look, I think there's a fair amount of uncertainty in those estimates, both in terms of -- you can see from the width of the range, there's a lot of uncertainty there as well as the timing.

And particularly, as it relates to timing, what we're seeing so far is despite the -- that we're at roughly, what, 70,000 deaths officially from COVID, we've only received in the group business in -- a few dozen claims. Under $1 million of claims is what we've seen so far. And that's through, I think, yesterday, right? That's not first quarter. That's what we've seen to date.

And so when you compare that to a base of insureds that's in the neighborhood of 3 million people, we should be seeing a lot more. So reporting lags is one question that we just don't have good answers to. Second is, how will the general population mortality translate to an insured population mortality? And then even more so for group a working insured population.

And so we've taken a rough estimate. I think it's a fair approach to get us into the ballpark, but it's -- there's a great deal of uncertainty in terms of what exactly will happen in COVID.

So I do think there will be an impact in the second quarter. We will make some estimate on how to handle IBNR, or incurred but not reported, for the second quarter result. But I think there'll probably be a fairly meaningful tail in the third quarter. We shouldn't think of this as just a second quarter event.

And then it depends on what happens after that in terms of the overall progression of the pandemic.

Operator

This concludes our question-and-answer session. So I'd like to turn the floor back over to Rod Martin for any closing remarks.

Rod Martin ***Voya Financial, Inc. - Chairman & CEO***

Thank you. The purposeful decisions that we've made as a company have enabled us to enter this period in a position of strength.

As we move through the remainder of the year, we fully recognize there will be a number of challenges that we will need to address.

I am confident in the talent that we have at Voya to enable us to execute on our plans and adapt as needed to continue to serve our advisers and customers and position Voya for long-term success.

I want to again express the heartfelt gratitude that all of us at Voya have for the everyday heroes that are enabling our nation to navigate through these challenging times.

I hope that you and your families remain healthy and safe. We look forward to updating you on our progress as we pursue our vision to be America's Retirement Company. Thank you, and good day.

Operator

Ladies and gentlemen, the conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

DISCLAIMER

Thomson Reuters reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.

In the conference calls upon which Event Briefs are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT BRIEFS REFLECTS THOMSON REUTERS'S SUBJECTIVE CONDENSED PARAPHRASE OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON REUTERS OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT BRIEF. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2020 Thomson Reuters. All Rights Reserved.

©2020 Thomson Reuters. All rights reserved. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is prohibited without the prior written consent of Thomson Reuters. 'Thomson Reuters' and the Thomson Reuters logo are registered trademarks of Thomson Reuters and its affiliated companies.